

News Release



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Labor Department Settles Lawsuit With Bronx, N.Y. Carpenters Union Local Over Misuse of Benefit Plan Assets

BRONX, N.Y.—The U.S. Department of Labor has obtained a consent judgment requiring that the United Brotherhood of Carpenters and Joiners of America Local 2682, Bronx, N.Y., pay \$431,000 to the local's benefit plans. The department sued the plan trustees for using plan assets to pay unreasonable expenses for services allegedly provided to the plans.

“Abuse of plan assets jeopardizes the benefits of workers and their families and we will continue aggressively enforcing the law to guard against it,” said Secretary of Labor Elaine L. Chao. “In this case, we restored over \$400,000 to the workers’ pension plan. Last year, the Administration achieved monetary results totaling \$3.1 billion for retirement, 401(k), health and other programs.”

On March 27, 2003, the department sued Local 2682 of the United Brotherhood of Carpenters and Joiners of America, Joseph Cruz, president of the local and a trustee of its benefit plans, other current and former trustees of the local's benefit plans, and the Local 2682 Building Corp.

The lawsuit, filed in federal district court in Manhattan, alleged that the trustees paid Local 2682 an unreasonable amount for unnecessary services or for services that were not provided to the plans. The suit also alleged that the trustees improperly loaned pension plan assets to the Local 2682 Building Corporation, which is owned by two of the trustees; used the plan assets to pay the salary of a “no show” employee; overcharged the plans for rent and expenses for space in the building housing the funds and the union local; and leased, for the plan administrator, a car used in part for business unrelated to the plans.

Under the judgment, Cruz is permanently barred from service as a fiduciary to any plan governed by the Employee Retirement Income Security Act. The union local and the local's building corporation must transfer ownership of the Local 2682 Building Corp. to the pension plan. In addition, the department may assess civil penalties on the prohibited transactions with the plans.

The New York Regional Office of the department's Employee Benefits Security Administration (EBSA) investigated the case. Employers and workers can reach the New York regional office at (212) 607-8600 or EBSA's toll free number, **1-866-444-EBSA (3272)** for help with problems relating to private-sector pension and health plans.

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(Chao v Local 2682 United Brotherhood of Carpenters & Joiners of America)
Civil Action No. 03-CV-2160